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UNCLAS MANAMA 001388

SIPDIS

DEPT FOR NEA/ARPI DEPT PASS USTR JBUNTIN, CMILLER,
WCLATANOFF COMMERCE FOR CLOUSTAUNAU

E.O. 12958: N/A

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SUBJECT: BAHRAIN TENDER BOARD BRINGS TRANSPARENCY TO
PROCESS

Evidence of Improved Transparency

1. (U) The Ambassador paid an introductory call on Minister of State and Chairman of the Tenders Board Abdul Hussein Ali Mirza on September 6, discussed the upcoming Bahrain Free Trade Agreement (FTA), and reviewed the recently implemented tender process. The Ambassador noted that the FTA would increase U.S. business interest in GOB tenders and that a transparent and user-friendly tender process was particularly important to American companies. Mirza called the Board's efforts to streamline the process and ensure transparency a significant success, and pointed to improved ratings from Standard and Poor's and on the Financial Times transparency index as unbiased evidence corroborating his claim. Mirza commented that Bahraini business people are uncertain as to how they can benefit from the FTA. He urged the Ambassador to take a leading role in helping to define those benefits.

----- Tender Board Established in Response to Corruption Concerns -----

2. (U) Mirza said that managing the Tender Board takes up most of his time. The Board was established in January 2003 in response to public calls for greater transparency and credibility in government procurement. The law establishing the Tender Board drew on best practices from regional governments as well as the United States and the UN. All tenders over BD 10,000 are now managed by the Tender Board (in consultation with the concerned ministry), while those under BD 10,000 continue to be managed by ministries themselves. Since its inception in 2003 the Tenders Board has processed and awarded approximately 1,300 tenders worth an estimated \$1.3 billion.

Implementation

3. (U) According to Mirza, the Board's procedures have been transparent from the outset. All tenders are unsealed in an open meeting, bids are recorded and stamped to ensure they cannot be tampered with, and posted on the Board's website. The Board uses a "two envelope" policy for tenders that require a technical component. This involves opening the technical bid first to ensure that all bidders meet the specifications and, once confirmed, opening the financial bid to ensure the contract goes to the least expensive qualified bidder.

4. (U) To ensure that the process is cost effective as well as fair and transparent, Mirza has begun to collect data to determine if amounts budgeted during the previous year by ministries implementing a project are the same as or less than actual costs. He estimates the government has saved BD 30 million since January 2003. The Tender Board is now also tracking the time period between a Request for Proposal and tender award to measure the efficiency of the Board and the concerned ministries.

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